Weekly Economic Review

Goods sector supports reprieve in earnings

Average Weekly Earnings

Earnings tentatively improve

Alberta's average weekly earnings (AWE) recovered 0.5% month-over-month (m/m) in March to $1,129, the second consecutive monthly gain. However, earnings were still down 2.2% compared with the previous year due to significant weakness through much of 2015. Earnings in the goods sector ticked up 1.0% to $1,629, supported by higher pay in the mining, oil and gas and utilities industries (+3.4% m/m), though was partially offset by continued weakness in construction (-3.8% m/m). Service sector earnings were up 0.4% to $990; this is still relatively low after dropping by over $25 at the outset of 2016. Gains in the real estate, rental and leasing and professional and technical services more than offset lower earnings in most other services. Despite the monthly improvement, earnings remain down 3.3% YTD.

Job Vacancies

Vacancies increasingly scarce

Over the three months ending in February, the average number of job vacancies averaged 25,800 – half the number of vacancies compared with the peak in October 2014. The job vacancy rate - the proportion of unfilled to open positions - fell further to 1.3%, down 0.5 percentage points from last year. The unemployment-to-job-vacancies ratio soared to 7.2 due to increasing unemployment and falling job vacancies (Chart 1).

The number of available jobs continued plunging across Canada, with vacancies averaging 180,400 in the three months ending in February - 41,000 fewer vacancies compared with the same period last year. Canada's ratio of unemployment-to-job vacancies also shot up to 7.8.

Investment in New Housing Construction

Falling housing market activity pushes investment down

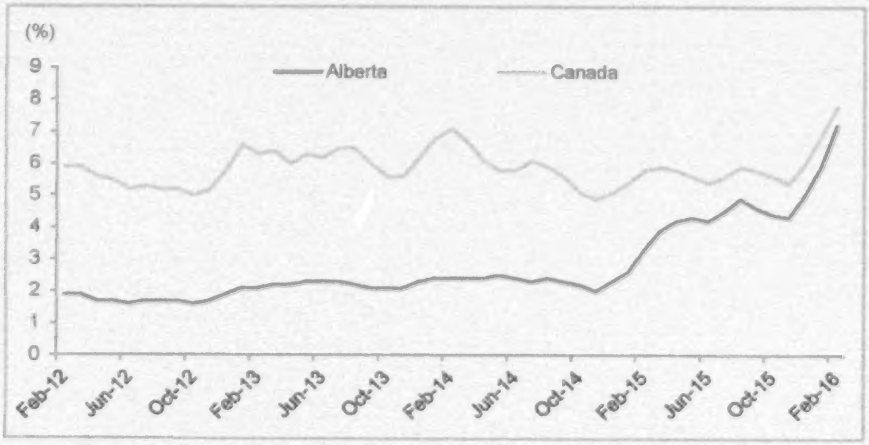
Alberta new housing investment totaled $681 million in March, its lowest level since March 2012 and down 27% compared with March 2015. The lower investment was due to waning construction activity, and broad based in terms of affecting all dwelling types. Single-unit investment accounted for three-quarters of the decline, down 34% y/y. Moreover, investment in apartments posted its first decline since August 2010, down 8.4%. Year-to-date, new housing investment was down 23%.

Bank of Canada

Policy rate unchanged though growth trimmed due to Fort McMurrey fire

The Bank of Canada kept its overnight interest rate at 0.5% for the seventh straight policy announcement. The Bank views inflationary risks as balanced, with core inflation currently trending near 2% as the residual effects of a lower dollar and increasing energy prices continue to be offset by excess productive capacity. However, the Bank shaved 1.25% off the second quarter real GDP growth forecast to reflect the adverse impact of the Fort McMurray wildfire. Growth is expected to pick up as oil production resumes later in the year. The Bank also noted that Canadian dollar has recently risen along with rising oil prices and expected changes to US monetary policy, but remains in line with the Bank's assessment in April.

Chart 1: More unemployed workers looking for ever fewer jobs
Unemployment-to-Job Vacancy Ratio



Source: Statistics Canada

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Please see the *Alberta Economy- Indicators at a Glance* for a snapshot of Alberta indicators.

Alberta Government

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Treasury Board and Finance
Economics and Revenue Forecasting